Government of Saskatchewan

Annual Report 1985-86

Judges of the Provincial Court Superannuation Fund

88-05605/

Regina, Saskatchewan.

His Honour F. W. Johnson,
Lieutenant Governor,
Province of Saskatchewan.

Sir:

I have the honour to transmit herewith the eighth Annual Report of the Judges of the Provincial Court Superannuation Fund for the year ending March 31, 1986.

I have the honour to be, Sir

Your Obedient Servant,

J. Gary Lane,
Minister of Finance

Contents

	Page
Introduction	3
Operation of the Fund	3
Contributions and Membership	3
Pensions	4
Investments	4
Administration	4
Finar.cial Statements	
Auditor's Report	6
Statement of Financial Position	7
Statement of Members' Accumulated Balances	8
Statement of Unallocated Fund Balance	8
Statement of Changes in Cash Resources	9
Notes to Financial Statements	10
Schedule of Investments	12

Introduction

Section 27(1) of The Provincial Court Act established the Judges of the Provincial Court Superannuation Fund to provide pensions to judges employed by the Province. Previously pensions had been provided to qualifying judges through The Magistrates' Courts Act. Judges appointed at the time the Fund was established had the option of retaining the benefits provided under The Magistrates' Courts Act, or opting to contribute to the Fund and earn a pension under The Provincial Court Act. For those judges who transferred, service under The Magistrates' Courts Act is included as service in the calculation of pensions under The Provincial Court Act.

Operation of the Fund

The Fund is credited with contributions paid by judges with interest earned on the investment of monies in the Fund. Payments may be made out of the Fund for pensions, annuities, supplementary allowances, refunds and interest. Any deficiency in the Fund is paid out of the Consolidated Fund.

Payments of annuities, granted under The Magistrates' Courts Act, to retired magistrates or widows of retired magistrates are continued under The Provincial Court Act. The annuities also are considered to be a deficiency in the Fund and are reimbursed by way of a payment from the Consolidated Fund each fiscal year.

The deficiency payment for the period April 1, 1985 to March 31, 1986 amounted to $160,773. Note 5 to the financial statements provides the detail of amounts making up the payment from the Consolidated Fund.

The Judges of the Provincial Court Superannuation Plan is a formula pension plan which provides pensions based on average salary and years of service as a judge or magistrate. The Magistrates' Courts Act provided an allowance to qualifying magistrates based on earnings at time of retirement.

A spouse of a judge eligible for, or in receipt of, a pension, is entitled to 50% of the judge's pension upon the death of the judge.

Contributions and Membership

During the fiscal year 1980-81 the Act was amended to require contributions by the judges as follows: For the period October 1, 1978 to December 31, 1980, judges contributed 9% of their salary to the Fund. On and after January 1, 1981 judges are required to contribute 9% of their salary to the maximum deductible contribution to a registered pension plan, as allowed by the Income Tax Act (Canada) and as amended from time to time. Contributions include required contributions to the Canada Pension Plan.

Contributions to the Fund for the year totalled $132,022; as at March 31, 1986, 37 judges were contributing to the Fund.

Pensions

Annuities paid to retired judges, or their widows, under both The Magistrates' Courts Act and The Provincial Court Act totalled $183,661 for the fiscal year 1985-86.

Investments

The Investment and Financial Services Division of Saskatchewan Finance is responsible for managing the investments of the Fund. The investment policy directs that the assets of the Fund shall be in long-term, high quality investments yielding the best possible return with minimum risk. At March 31, 1986 the book value of the investment portfolio was $1,537,812. Of this amount, $1,062,392 was invested in bonds while $475,420 was in short-term investments.

Administration

In accordance with Section 27(4) of the Act, expenses of administering the Judges of the Provincial Court Superannuation Fund are not charged to the Fund but are to be paid out of monies appropriated by the Legislature.

Administration of the Fund is presently assigned to the Public Employees Benefits Agency of Saskatchewan Finance.

Judges of The Provincial Court Superannuation Fund

Financial Statements

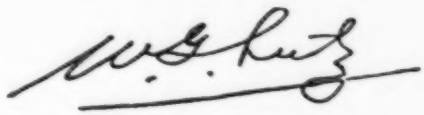
Year Ended March 31, 1986

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Judges of the Provincial Court Superannuation Fund as at March 31, 1986 and the statements of members' accumulated balances, unallocated fund balance and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
May 21, 1986.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Judges of The Provincial Court Superannuation Fund

Statement of Financial Position

As at March 31

Assets

	1986	1985
Cash (Statement 4)	$ 18,860	$ 6,771
Contributions receivable	15,158	14,810
Accrued interest receivable	36,299	50,197
	70,317	71,778
Investments (Schedule 1)	1,537,812	1,250,106
	$ 1,608,129	$ 1,321,884

Liabilities and Fund Balance

Accounts payable	$ 3,082	$ 1,910
Fund balance (Note 4):		
Members' accumulated balances (Statement 2)	964,839	855,705
Unallocated fund balance (Statement 3)	640,208	464,269
	1,605,047	1,319,974
	$ 1,608,129	$ 1,321,884

(See accompanying notes)

Statement 2

Judges of the Provincial Court Superannuation Fund
Statement of Members' Accumulated Balances
Year Ended March 31

	1986	1985
Balance, beginning of year	$ 855,705	$ 731,914
Add: Contributions by judges	132,022	123,791
	987,727	855,705
Deduct: Transfer of contributions to unallocated fund balance re retiring judge	22,888	—
Balance, end of year — to Statement 1	$ 964,839	$ 855,705

(See accompanying notes)

Statement 3

Judges of the Provincial Court Superannuation Fund
Statement of Unallocated Fund Balance
Year Ended March 31

	1986	1985
Balance, beginning of year	$ 464,269	$ 258,752
Add: Payment from the Consolidated Fund (Note 5)	160,773	195,551
Investment Income	175,939	153,532
Transfer of contributions from members' accumulated balances re retiring judge	22,888	—
	359,600	349,083
Deduct: Annuities paid under:		
The Magistrates' Courts Act	49,445	51,348
The Provincial Court Act	134,216	92,218
	183,661	143,566
Balance, end of year — to Statement 1	$ 640,208	$ 464,269

(See accompanying notes)

Judges of the Provincial Court Superannuation Fund
Statement of Changes in Cash Resources
Year Ended March 31

	1986	1985
Sources of Cash:		
Operating Activities		
Contributions received	$ 131,674	$ 123,879
Payment from the Consolidated Fund	160,773	195,551
Investment income received	178,394	115,821
	470,841	435,251
Investment Activities		
Proceeds from sale of investments	1,464,659	1,685,975
	1,935,500	2,121,226
Application of Cash:		
Operating Activities		
Annuity payments	182,489	144,421
Investment Activities		
Purchase of investments	1,740,922	1,972,015
	1,923,411	2,116,436
Net increase in cash	12,089	4,790
Cash balance, beginning of year	6,771	1,981
Cash balance, end of year — to Statement 1	$ 18,860	$ 6,771

(See accompanying notes)

Judges of The Provincial Court Superannuation Fund

Notes to Financial Statements

March 31, 1986

1. **Status of the Fund**

   The Judges of the Provincial Court Superannuation Fund was established on October 1, 1978 under The Provincial Court Act to provide for the payment of pensions and allowances as authorized by that Act. The Fund is credited with required contributions by judges, payments from the Consolidated Fund and with earnings on investments held.

2. **Significant Accounting Policies**

   a) **Investments**

   The Fund records all investment transactions at cost. Premiums and discounts on bonds are amortized on a straight line basis over the remaining term of the security.

   Gains or losses on the disposal of bonds are deferred and amortized over the remaining term of the security sold.

   b) **Payment from the Consolidated Fund**

   Section 52 of The Provincial Court Act provides that annuities being paid under the Magistrates' Courts Act shall be paid out of the Fund. Section 31 of The Provincial Court Act provides that a judge of the Magistrates Court prior to October 1, 1978 may elect to receive the benefits to which he was entitled under The Magistrates' Courts Act rather than contributing to the Fund and receiving benefits as determined by The Provincial Court Act. Section 27 (3) of The Provincial Court Act provides that any deficiency in the Fund shall be paid out of the Consolidated Fund. Accordingly, the annuities which are now or will become payable under The Magistrates' Courts Act are considered to be a deficiency and the Fund is reimbursed by way of a statutory appropriation from the Consolidated Fund each year. Also considered as a deficiency for administrative purposes are any amounts payable under The Provincial Court Act to superannuates which are in excess of an individual's accumulated contributions, and payments from the Consolidated Fund are increased accordingly. In addition, lump sum contributions may be received from the Consolidated Fund to reduce any unfunded liability.

3. **Actuarial Valuation**

   As outlined in Notes 1 and 2(b), benefits under The Magistrates' Courts Act and The Provincial Court Act are to be paid from the Judges of the Provincial Court Superannuation Fund. Pensions provided under both Acts are defined benefit final average pensions, however, only The Provincial Court Act requires judges to make contributions.

   An actuarial valuation was performed as at January 1, 1983 on the pension plan for Saskatchewan Provincial Court Judges including the implication of benefits payable under both Acts. The actuary stated that using the Aggregate Attained Age Method with Supplemental Liability, the present value of accumulated benefits resulting from services provided to the valuation date was $7 million, and the present value of pension fund assets was $0.7 million based on book values, for a net

unfunded accrued liability of $6.3 million. In addition, the report stated that the combined future cost of the plan will be 17.11% of the judges' salaries in order to meet the cost of benefits to be earned for service after the valuation date.

4. **Fund Balance**

a) **Members' Accumulated Balances**

This represents the members' accumulated contributions to the Fund. These balances do not represent the accrued value of retirement benefits earned by members since retirement benefits provided under the respective Acts are based on years of service and salary levels.

When a member withdraws from the plan, the member's accumulated contributions are refunded. Where a member superannuates, his accumulated contributions are transferred to the credit of the unallocated fund balance described in note 4(b).

b) **Unallocated Fund Balance**

The unallocated fund balance is composed of:

i) the accumulated contributions of all superannuates at rates stipulated in The Provincial Court Act,

ii) investment income, and

iii) payments received from the Consolidated Fund

reduced by pension payments made to superannuates and interest allocated to members' accumulated contributions at such time as they withdraw from the plan.

5. **Payment from the Consolidated Fund**

	1986	1985
Deficiencies		
— The Magistrates' Courts Act	$ 49,445	$ 51,348
— The Provincial Court Act	111,328	79,203
Lump Sum Payment	—	65,000
	$ 160,773	$ 195,551

6. **Related Party Transactions**

In accordance with section 27(4) of The Provincial Court Act, all general administrative and employee costs required for the administration of the Fund are paid out of the Consolidated Fund of the Province of Saskatchewan. Accordingly, no provision for such costs is included in these financial statements.

Schedule 1

Judges of The Provincial Court Superannuation Fund

Schedule of Investments

As at March 31

		1986		1985	
		Cost	Market Value	Cost	Market Value
Bonds at par value:					
Government of Canada					
Feb. 1, 1993	11.25%	$ 100,000	$ 111,125	$ 100,000	$ 98,250
Government of Saskatchewan					
May 15, 2004	10%	—	—	100,000	83,750
Apr. 1, 2001	10.25%	—	—	50,000	43,365
Dec. 1, 2002	13%	200,000	245,500	200,000	209,500
Mar. 30, 2003	12.25%	175,000	206,938	175,000	174,781
June 2, 2000	11.75%	100,000	112,750	100,000	97,257
Ontario Hydro					
Jan. 25, 2005	9.375%	150,000	147,996	—	—
Norcen Energy Resources					
Dec. 20, 2003	13.25%	100,000	122,860	100,000	103,316
City of Edmonton					
Dec. 13, 2004	12.875%	300,000	370,590	300,000	297,378
Total bonds at par value		1,125,000		1,125,000	
Less: Unamortized discounts		(43,228)		(54,354)	
Unamortized gains		(22,987)		(14,962)	
Plus: Unamortized losses		3,607		4,101	
Total bonds at amortized cost		1,062,392		1,059,785	
Short term investments		475,420	475,420	190,321	190,321
		$ 1,537,812	$ 1,793,179	$ 1,250,106	$ 1,297,918